

A cross to bear

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More international financial services conferences are focusing on Latin America's culture, says Derek Sambrook, as the attractiveness of the region, despite the challenges, is becoming more apparent

Foreign direct investment (FDI) flows into Latin America hit a new record of US\$166bn in 2012, which is 4.4 per cent above the figure posted in 2011. Brazil and Chile were the largest recipients (US\$65bn and US\$30.3bn respectively) with a substantial amount of FDI into the region passing through offshore financial centres (OFCs) such as the Cayman Islands, British Virgin Islands (very popular with the Chinese) and Luxembourg from US, European and Chinese sources.

According to a global investment report released in August by the China Council for the promotion of International Trade, China's outbound investments alone in Latin America since 2001 have reached US\$65bn. A failure to appreciate the positive side of OFCs - and the companies that they provide - results in a degree of ignorance that is not only detrimental, but dangerous, for international business. Kofi Annan, former secretary-general of the United Nations, may regard offshore companies as vehicles of venality, but he is wrong to say so.

Back to culture and Latin America, I should start by saying that the collection of countries comprising Latin America is distinct. So one cannot apply a common model like the Russian inventor who went to the patent office with a new mechanical shaving apparatus did. When asked to describe its operation he replied: "It is very simple. You drop a coin in the box and put your face in the oval aperture. Then two mechanical blades come up and shave you according to a standard template." The puzzled patent officer retorts: "But every man's face is different." The inventor smiles knowingly and replies: "That is certainly true, but only until the first shave."

History records just how many close shaves the region has had both in economic and political terms. In 1980, there were just three democracies in the whole of Latin America. Now it is the autocracies that are the odd ones out, and rather than capital leaving, it is flowing into the region.

Strong and determined

Latin America has left obscurity behind with a new sense of strength and determination. The reality is that South Americans are patriotic and proud in general. Cecil Rhodes, the founder of Rhodesia, where I spent my youth, said that "to be born an Englishman is to win first prize in the lottery of life". The people of South America share his sentiment in the love of their own particular country.

Besides appreciating the importance of patriotism in the region, it is important to know that business follows old-world formalities. Suits have not gone out of fashion, despite outbreaks of individualism by the younger generation. Respect for age and courtesy - once a given in the western world - still prevails. Just as the French and American cultures are opposites, for similar reasons, slick presentations and glib business-speak do not impress.

South Americans today have a new sense of strength that is manifesting itself in different ways, the latest significant example perhaps being the Brazilian president cancelling a state visit to Washington after the American interception of her emails and messages by the US National Security Agency was revealed publicly. President Rousseff and other regional leaders are still angered by Europe's recent treatment of Bolivian president Evo Morales (motivated by US interests) whose personal jet was searched in Austria for former NSA contractor Edward Snowden. Would the Chinese premier's jet have suffered a similar fate? There should not be degrees of sovereignty.

What the late poet WH Auden wrote is surely apposite: "We would rather be ruined than changed. We would rather die in our dread than climb the cross of the moment and let our illusions die." The US in particular needs to involve itself more with Latin America for its economic health, which means less bully-boy tactics and a willingness to allow some hubristic illusions to die.

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